

Message Text

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ACTION AF-18

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FM AMEMBASSY NOUAKCHOTT

TO SECSTATE WASHDC 1697

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PASS EXIM

E.O. 11652: N/A

TAGS: BGEN, BPRO, MR

SUBJ: LANG ENGINEERING - SUGAR REFINERY, MAURITANIA.

REF: NOUAKCHOTT 1058

SUMMARY: IN NOV 12 MEETING HERE, LANG PRESIDENT REASSURED GIRM HIS COMPANY CONSIDERED ITSELF COMMITTED TO ITS OBLIGATIONS UNDER CONSTRUCTION CONTRACT AND IN TURN WON AGREEMENT IN PRINCIPLE FOR PRICE INCREASES AND STRETCH OUT OF CONSTRUCTION PERIOD. GIRM ALSO LIKELY TO AWARD MANAGEMENT CONTRACT TO LANG.

1. LANG PRESIDENT ROBERT TEMPLE PAID BRIEF VISIT TO NOUAKCHOTT EVENING NOV 12 FOR DISCUSSIONS WITH EMBASSY AND GIRM. IN FOUR HOUR MEETING WITH MINISTER INDUSTRIALIZATION SIDI AND STAFF, WHICH AMBASSADOR ATTENDED AT EXPRESS REQUEST OF MINISTER, EXCHANGES CONFIRMED BOTH LANG'S CONTINUED INTEREST IN PROJECT AND GIRM'S CONFIDENCE IN LANG. (BOTH HAD BECOME INCREASINGLY SHAKY PROPOSITIONS IN RECENT WEEKS, AT LEAST AS FAR AS GIRM WAS CONCERNED). MINISTER AGREED ENTERTAIN REQUEST FOR PRICE INCREASES ON NON-US SUPPLIED EQUIPMENT AND CERTAIN SERVICES. MINISTER ALSO SAID HE WOULD RELUCTANTLY AGREE TO EXTENSION OF CONTRACT PERIOD IF FULLY JUSTIFIED. HE FIRMLY REJECTED TEMPLE'S REQUEST TO PUT PART OF CONTRACT ON COST-PLUS BASIS, DESPITE ARGUMENT THAT NEW FIXED PRICE QUOTATION WOULD BE DRASTICALLY HIGHER THAN THAT IN CURRENT CONTRACT.

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2. SIDI THEN TOOK UP LANG COMPLAINTS ABOUT GIRM'S ADMINISTRATIVE DELAYS IN FULFILLING ITS CONTRACTUAL OBLIGATIONS. MINISTER REPLIED THAT COMPANY HAD HAD AMPLE TIME IN COURSE ORIGINAL NEGOTIATIONS OF CONTRACT TO BECOME FAMILIAR WITH MAURITANIA'S "YOUNG, INEXPERIENCED, AND SOMETIMES PICAYUNE ADMINISTRATION". REPEATED HIS PROMISE TO TEMPLE, MADE AT MAY 4 SIGNING CEREMONY, THAT HE WAS ALWAYS PERSONALLY AVAILABLE TO REMOVE ROADBLOCKS AS THEY APPEARED.

3. TEMPLE LEFT SATISFIED THAT PROBLEM OF CONVERTIBILITY OF CURRENCY FOR "NON-US USES" HAD BEEN SETTLED. MINISTER REAFFIRMED HE WOULD ELIMINATE RELEVANT PORTION OF CONTRACT WHICH HAD CREATED MISUNDERSTANDINGS. COMMENTED THIS BUT ONE EXAMPLE OF LACK OF EFFECTIVE COMMUNICATION BETWEEN GIRM AND LANG, SINCE HE, SIDI BELIEVED HEHAD CLARIFIED HIS POSITION ON THIS ISSUE TO LANG REP LAST SUMMER.

4. AS RESULT OF MEETING, TEMPLE WILL SUBMIT BRIEF LETTER NEXT WEEK TO MINISTER AFFIRMING LANG REMAINED BOUND BY MAY 4 CONTRACT BUT ASKING FOR RELIEF/REVISION OF PARAS GOVERNING:
A. CONVERTIBILITY ISSUE, B. PRICES,
C. EXTENSION OF CONSTRUCTION PERIOD. MINISTER WILL ANSWER POSITIVELY AND COMPANY REPS WILL THEN ARRIVE TO NEGOTIATE CONTRACT AMENDMENTS TO BE FINALIZED NOT LATER THAN END DECEMBER.

5. DIRECTOR INDUSTRIALIZATION URGED TEMPLE SEND REP SOONEST TO COMPLETE NEGOTIATIONS FOR MANAGEMENT CONTRACT, IMPLYING THIS IN BAG FOR LANG. TEMPLE PROMISED DO SO.

6. AT CONCLUSION MEETING TEMPLE SAID HE WISHED MAKE CLEAR TO GIRM THAT HE DID NOT CONSIDER AMBASSADOR'S PRESENCE IMPLIED US WAS SPONSORING SUBSTANCE OF THESE NEGOTIATIONS. HE HAD APPRECIATED EMBASSY ASISTANCE BUT RECOGNIZED LIMIT TO USG INVOLVEMENT. SAID HE CONSIDERED AMBASSADOR WAS THERE AS FRIEND, NOT OFFICIAL. MINISTER REPLIED GIRM RECOGNIZED THIS DISTINCTION. (AMBASSADOR HAD PRIOR TO MEETING TOLD MINISTER HE THOUGHT HIS PRESENCE WOULD BE INAPPROPRIATE). SAID HE HAD ASKED AMBASSADOR ATTEND BECAUSE HE KNEW OF HIS EFFORTS TO PROMOTE TIES BETWEEN THE TWO COUNTRIES. MINISTER THEN ADDED SMILINGLY, "AS BUSINESSMEN,
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MR. TEMPLE, WE BOTH KNOW HOW TO EXPLOIT OUR FRIENDSHIPS". AT NO POINT IN MEETING DID EITHER PARTY REQUEST AMBASSADOR'S VIEWS ON SPECIFICS THEIR NEGOTIATING POSITIONS. AT CONCLUSION AMBASSADOR STATED HE FELT MEETING HAD HELPED CLARIFY NUMBER OF MISUNDERSTANDINGS AND HE WAS ALWAYS READY TO HELP THAT PROCESS.

7. COMMENT. MINISTER CLEARLY INTENDS RETAIN CONTINUED USG

ATTENTION TO THIS CONTRACT, WHICH IS SO MAJOR AN UNDERTAKING
FOR MAURITANIA. SESSION WITH TEMPLE HAS RELIEVED SOME, NOT ALL,
OF HIS ANXIETIES AND HAS AT LEAST PERMITTED HIM TO REASSURE
PRESIDENT THAT PROJECT REMAINS ON TRACKS.MURPHY

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